

# OFFICIAL DISPATCH

DISPATCH NO.: MGL-A-448

VIA Air  
BY AIR MAIL OR SEA ROUTE

CLASSIFICATION

DATE: 27 September 1949

*Odeum Contacts w/ Foreign Intell.*

TO : Chief, Foreign Branch M  
FROM : Chief of Station, Karlsruhe  
SUBJECT: General - Operational  
Specific - ODEUM Situation in Austria

REF

1. During the past month our POB staff has given extensive consideration to the problem of determining the form and substance of ODEUM's future activities in Austria. This problem is complicated by the present political situation in Austria, the current separate consideration of the relationship of ODI, USFA to our Austrian mission, the internal ODEUM feuds that are especially characteristic of ODEUM's Austrian wing, and the whole general problem of reorienting German mentality - including that of many ODEUM leaders - to the fact that Austria is no longer a part of the Reich.

2. The recent decision of ODI, USFA, effective 1 September 1949, to eliminate Dr. Wilhelm HOETTL and his immediate circle from the U.S. supported intelligence complex in Austria is decidedly favorable to ODEUM's interest in and of itself.

3. We believe that in the long run the possibility of ODEUM operating successfully through Austria is dependent on the establishment of a basic agreement on this point between ODEUM and the Austrian intelligence service. In our opinion, Schneider's previously proposed plan on Austria provided for a United States domination of the Austrian intelligence service through him. After thorough consideration of this problem, we believe that Schneider's proposal is at least premature and probably basically unsound. We agree with Washington views set forth in MOK-W-2769 that the final settlement on ODEUM's role in Austria should be held in abeyance pending clarification of the U.S.-Austrian intelligence relationship.

Encl

INDEX

SECRET  
CLASSIFICATION

REGISTRY COPY

32-6-14-1

DECLASSIFIED AND RELEASED BY  
CENTRAL INTELLIGENCE AGENCY  
SOURCES METHOD EXEMPTION 3B2B  
NAZI WAR CRIMES DISCLOSURE ACT  
DATE 2006

SECRET

-2-

4. The development of the U.S. relation with the Austrians should take into consideration the ODEUM-Austrian problem but should, if possible, be made free of ODEUM influence and internal Austrian machinations by ODEUM. ODEUM operational people admit that Austrian intelligence personalities and the traditional ties that carried over from the Hapsburg Empire were the cornerstones of German intelligence activities in Southeastern Europe, and to a great extent this fact remains true today. We have placed increasing stress in our conversations with Schneider on the need for recognizing the sovereignty of Austria, the reported nationalist inclinations of even the more Rightist Austrian intelligence personalities, and the conviction on our part that ODEUM's Austrian problem must be solved on a basis of Austrian-German cooperation, with the U.S. playing the controlling, dominant role in the foreseeable future.

5. Unfortunately our ODEUM situation in Austria is a pressing one, and some decisions must be made relatively soon. Org. 13, headed by the Austrian Herbert von MALLNER is probably badly blown to the RIS and is certainly well known to all Austrian intelligence personalities. We have suggested to Schneider that MALLNER and Org. 13 be moved into Germany. However, this raises the problem of Austrians in Germany performing intelligence activities into Austria, and thus laying themselves as Austrians open to serious political charges. Basically, it would appear that only Austrians capable of performing the services required by ODEUM and acceptable to the Austrian intelligence service and police can serve a useful ODEUM role in Austria.

6. This brings up the question of the attitude of the Austrian police and leading Austrian IS personalities with respect to ODEUM. We know that, for example, Herbert KRAUS and Karl von WINKLER, both staunch Catholic former Abwehr members, have ODEUM connections and that they could probably be expected to take a cooperative attitude toward ODEUM should they materialize as key figures in the Austrian service. In general, however, we are not aware of the attitude of key Austrian officials, particularly men like DEUTSCH and RAAB, on our ODEUM activities. This is a point which should be considered and, if possible, clarified.

7. Further complicating the situation is an active defection at the very heart of the ODEUM Austrian complex. Von BOLSCHWING<sup>(FUV)</sup> was automatically demoted from his job as deputy to MALLNER when 13 and 4913 were consolidated in the ODEUM reorganization, and Dr. Jung SCHARFFER, leader of 4913 became MALLNER's deputy. At this time Schneider, in a personal letter to von BOLSCHWING requested that BOLSCHWING stay on and concentrate his activities on keeping Schneider informed through MALLNER of internal Austrian developments that would affect the future of ODEUM in Austria.

SECRET

SECRET

Von BOLSCHWING is trafficking clandestinely with Colonel Philp, [ ] and Captain Don Richardson, who returned to the states in June. This intriguing came to my attention several weeks ago and has been taken under closest control by us, since it was obvious that continuation not only jeopardized Risdon's future value but also that of von BOLSCHWING.

8. Von BOLSCHWING is running three operations into Rumania and has in the developmental stage a Macedonian minority operation through the former Iron Guardist Macedonian Leader PAPIFACE, now in Rome. His three Rumanian operations have been submitted through channels as projects. Separately he gave [ ] the German copies of the projects as he submitted them to MALLNER and informed [ ] that if he could be assured that the information would pass only through American hands he would provide all operational details, including names of agent and courier personnel involved. Also, BOLSCHWING stated to [ ] that he has ten volumes of all past Austrian political reports that he has submitted to MALLNER and that he would transmit them directly to the Americans for photostating and comparison with Austrian intelligence produced by the organization during the past month.

9. While we are convinced that von BOLSCHWING is for some reason being rapidly pushed to the periphery of ODEUM, we do believe that he will continue to play a role in the ODEUM Austrian problem. Von BOLSCHWING has applied for Austrian citizenship, which will probably be granted since his father-in-law is the personal secretary to RENNKE. Consideration of this last item is probably the reason that ODEUM has refrained from dropping BOLSCHWING outright. Von BOLSCHWING professes to be ardently pro-American and desirous of working directly with the Americans and not through ODEUM.

10. I have instructed [ ] to remain on friendly terms with von BOLSCHWING, but to point out to him that continuing the forwarding of information through this channel would only jeopardize the future of both of them with ODEUM. The exception to this is the HANNES case, on which we have briefed [ ] to thoroughly interrogate von BOLSCHWING. While we have not completed our study of this case, we are inclined to think that some solution whereby von BOLSCHWING would be taken over by an American intelligence officer, not part of our ODEUM staff, may offer a solution. The possibility of the MOB representative in Austria or perhaps [ ] through "Unison" establishing a contact with von BOLSCHWING has occurred to us.

11. In order to clarify this picture, we will attempt to report separately on the following matters:

SECRET

SECRET

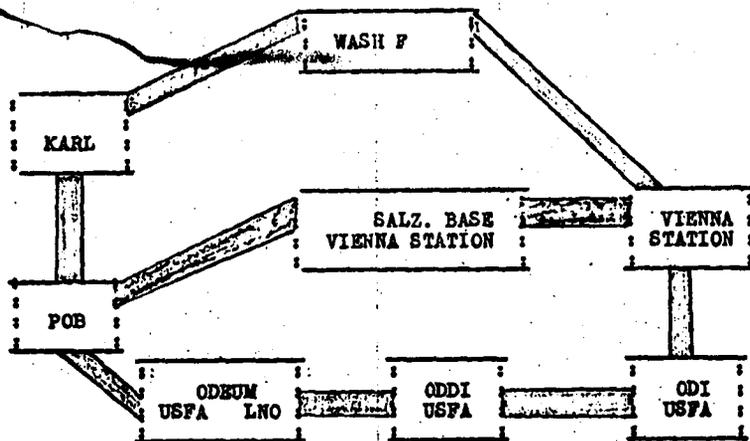
-4-

- (a) Possible future role of von BOLSCHWING;
- (b) The PAPHAGE operation;
- (c) The result of the interrogation of BOLSCHWING on the HANNES case;
- (d) Reorganizational plans for ODEUM's Austrian organization;
- (e) A separate consideration of ODEUM Rumanian operations run by von BOLSCHWING;
- (f) Possible penetration of Kurt AUNER.

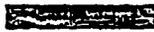
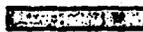
12. I consider it highly desirable that at the earliest opportunity I be authorized to enter into an exploratory discussion of our Austrian problems with [redacted] and with a view toward briefing him on the intricacies of ODEUM activities in Austria in obtaining his views on the continuing relationship of our US and German ODEUM personnel in Austria with ODI, USFA and other US agencies in Austria.

13. During discussions of the Baden bei Wien MGB case and of our communications between POB and the Salzburg Base of the Vienna Station it became quite apparent that there exists a real need for the Vienna Station to be adequately informed of the structure and activities of the ODEUM Austrian organization, but that it would be quite impossible at present for the Vienna Station to take over the support and coordination functions now performed by USFA and coordinated by our US Army liaison officer to ODI, USFA. The Vienna Station stated that there is little that they can do on the MGB case without bringing in CIC Vienna. We can see no point in making the Vienna Station our middleman in dealing with ODI, USFA unless they are prepared to take over full operational coordination of ODEUM activities in Austria. This they are obviously not prepared to do. On the contrary there appear to be numerous advantages to us as an organization in letting the Army, for the immediate future and under our close directions, continue to front for us in Austria. At such time as we are authorized to discuss this problem with [redacted] we will recommend that ODEUM relationships with USFA and the Vienna Station conform to the attached schematic drawing.

Dist:  
1 - FRM w/encl  
1 - COS w/encl  
2 - Files



**KEY:**

- Operational coordination and administrative support: 
- Information of all POB-ODDI USFA relationships: 
- Policy and matters requiring action of VIENNA Stations: 

C. 171-16-17-1118